

GAO

Report to the Clerk of the House of
Representatives

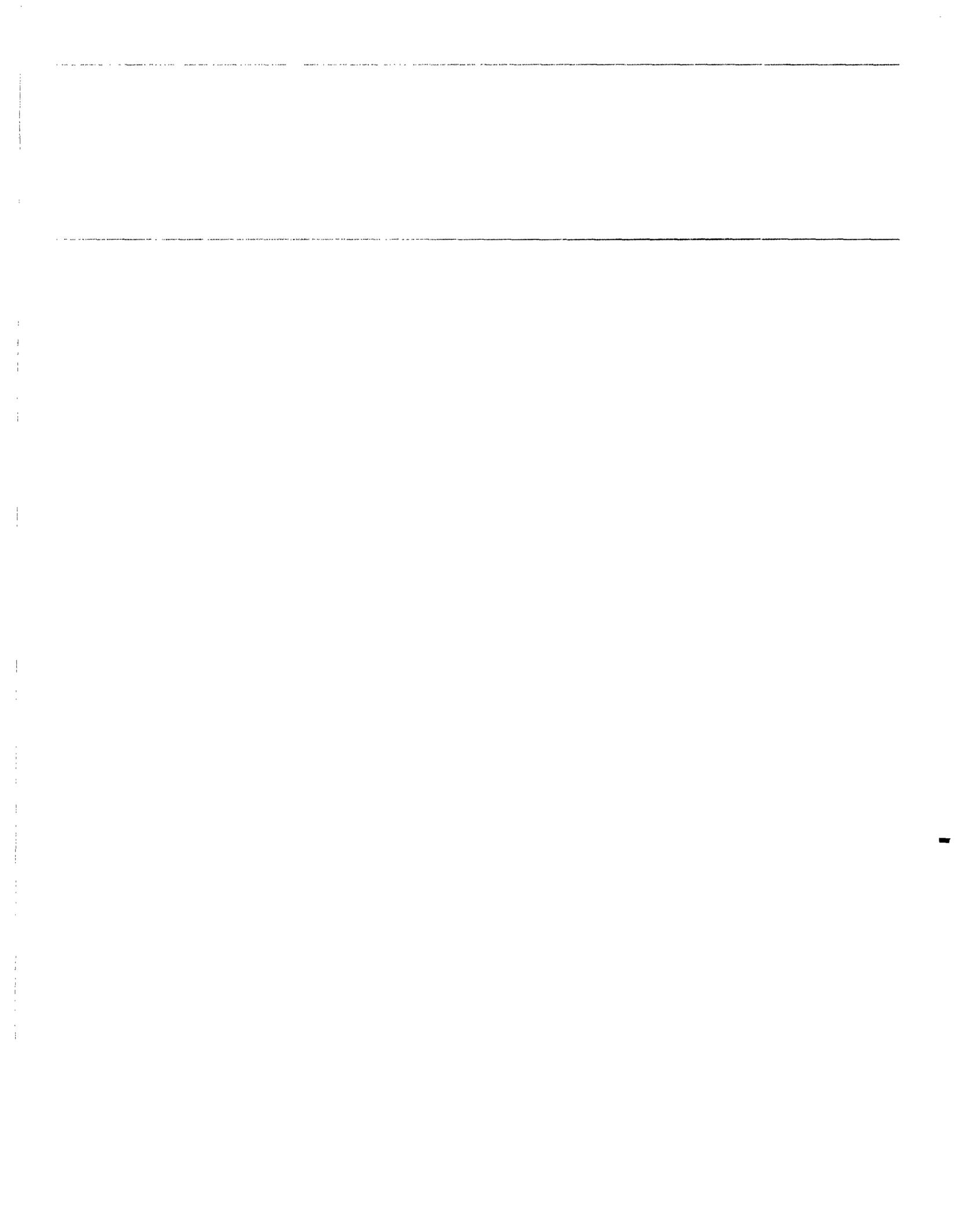
April 1993

FINANCIAL AUDIT

Statement of Accountability of the House Finance Office for Fiscal Year 1991



148962





**United States
General Accounting Office
Washington, D.C. 20548**

**Comptroller General
of the United States**

B-114864

April 27, 1993

The Honorable Donald K. Anderson
Clerk of the House of Representatives

Dear Mr. Anderson:

Pursuant to your request of July 12, 1991, we audited the accompanying Statement of Accountability for Appropriations and Other Funds arising from cash transactions of the Finance Office, House of Representatives, for the fiscal year ended September 30, 1991. We found the statement of accountability was reliable in all material respects.

Further, our audit included limited tests of internal controls and compliance with laws and regulations that disclosed

- no material weaknesses in the internal control structure and its operation and
- no material noncompliance with laws and regulations we tested.

Each of these conclusions is outlined in more detail in the following sections. This report also discusses the scope of our audit.

Opinion on the Statement of Accountability

The Statement of Accountability for Appropriations and Other Funds was prepared on a cash basis, which is a comprehensive basis of accounting other than that required by generally accepted accounting principles. The statement presents fairly, in conformity with the cash basis of accounting described in note 2, the receipts and disbursements of the Clerk of the House for appropriated and other funds arising from cash transactions of the House Finance Office for the fiscal year ended September 30, 1991.

Our audit was conducted for the purpose of forming an opinion on the basic statement of accountability taken as a whole. The Supplemental Schedule of Appropriations and Other Funds is presented for the purpose of additional analysis and is not a required part of the statement of accountability. This information has been subjected to the auditing procedures applied in our audit of the statement of accountability and, in our opinion, is fairly stated in all material respects in relation to the basic statement taken as a whole.

Consideration of Internal Control Structure

The internal controls we considered were those designed to

- safeguard assets against loss from unauthorized use or disposition;
- ensure the execution of transactions in accordance with management authority and with laws and regulations we tested; and
- properly record, process, and summarize transactions to (1) permit the preparation of financial statements in accordance with generally accepted accounting principles and (2) maintain accountability for assets.

Our consideration of the internal control structure would not necessarily disclose all material weaknesses. A material weakness is a condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the statement of accountability being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We are not expressing an opinion on internal controls because of the limited scope of our work. However, we found no material weaknesses in the House Finance Office's internal control structure and its operation.

Compliance With Laws and Regulations

Our tests for compliance with selected provisions of laws and regulations disclosed no material instances of noncompliance. Also, nothing came to our attention in the course of our other work to indicate that material noncompliance with such provisions occurred.

Objectives, Scope, and Methodology

The House Finance Office's management is responsible for

- preparing the statement of accountability in conformity with the cash basis of accounting described in note 2,
- establishing and maintaining an internal control structure to provide reasonable assurance that the internal control objectives mentioned above are met, and
- complying with applicable laws and regulations.

We are responsible for obtaining reasonable assurance about whether the financial statements are reliable (free of material misstatement and presented fairly in conformity with the cash basis of accounting described in note 2). We are also responsible for considering the internal control structure in order to determine our auditing procedures for expressing an

opinion on the financial statements, not to provide assurance on the internal control structure. In addition, we are responsible for testing compliance with selected provisions of laws and regulations.

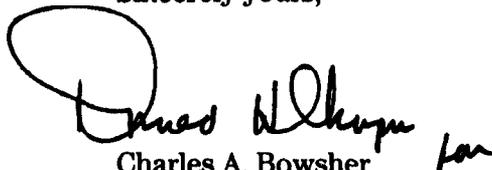
In order to fulfill these responsibilities, we

- examined, on a test basis, evidence supporting the amounts and disclosures in the statement of accountability;
- assessed the accounting principles used and significant estimates made by management;
- evaluated the overall presentation of the statement of accountability;
- obtained an understanding of the design of relevant internal control structure policies and procedures, determined whether they had been placed in operation, assessed the associated control risk, and conducted limited tests of relevant internal controls, including those over treasury, payroll, other expenditures, and financial reporting; and
- tested compliance with selected provisions of
 - the Legislative Branch Appropriations Acts for fiscal years 1989, 1990, and 1991 (Public Laws 100-458, 101-163, and 101-520, respectively);
 - the U.S. Department of the Treasury financial reporting requirements for disbursing officers (Treasury Financial Manual, volume I, chapter 3100);
 - laws and implementing Office of Personnel Management regulations on employee benefits and employer costs (5 U.S.C. 8334, 8422, 8423, 8707, 8708, and 8906);
 - laws and implementing Internal Revenue Service regulations on federal income and social security tax withholdings (26 U.S.C. 3402 and 3101); and
 - the Legislative Branch Appropriations Act of 1977 (Public Law 94-440) authorizing voluntary withholding of state income taxes.

It is important to note that because of inherent limitations in any internal control structure, losses, noncompliance, or misstatements may nevertheless occur and not be detected. Also projecting any evaluation to future periods is subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with controls may deteriorate.

We performed our audits in accordance with generally accepted government auditing standards. We completed our audit work on October 6, 1992.

Sincerely yours,


Charles A. Bowsher
Comptroller General
of the United States

Contents

Opinion Letter	1
Statement of Accountability for Appropriations and Other Funds	8
Notes to Statement	9
Supplemental Schedule of Appropriations and Other Funds	10

Statement of Accountability for Appropriations and Other Funds

Unexpended balance, September 30, 1990		\$ 36,528,603
Appropriations and receipts:		
Current appropriations	\$717,788,668	
Revolving fund and suspense account receipts:		
House Stationery Revolving Fund	3,419,264	
Page Revolving Fund	318,530	
House Beauty Shop Revolving Fund	306,429	
House Barber Shop Revolving Fund	39,712	
House Recording Studio Revolving Fund	27,834	
State Withholding Taxes Suspense Account	18,340,015	
Suspense Account--Other	37,543	
Receipts to be deposited in the general fund of the U.S. Treasury	84,274	
Gifts to the United States for reduction of the public debt	<u>49,245</u>	<u>740,411,514</u>
Total Funds Available		776,940,117
Expenditures and Transfers:		
Disbursements for salaries and other expenses less refunds and voided checks	682,246,238	
Transfers:		
Receipts deposited in general fund of the Treasury	84,274	
Gifts to the United States for reduction of the public debt	49,245	
Lapsed appropriations transferred to the general fund of the U.S. Treasury (note 3)	<u>7,638,932</u>	<u>690,018,689</u>
Unexpended Balance, September 30, 1991		\$ <u>86,921,428</u>

The accompanying notes are an integral part of this statement.

Notes to Statement

Note 1. Description of Entity

The House Finance Office is an office under the Clerk of the House, who is the principal fiscal officer of the U.S. House of Representatives. The House Finance Office performs receipt and disbursement activities for legislative branch organizations within the U.S. House of Representatives. These organizations include the House Member staffs, committees, Capitol Police, and revolving funds listed in the Statement of Accountability for Appropriations and Other Funds. The statement of accountability presents a summary of financial transactions administered by the House Finance Office for the Clerk. However, the statement of accountability does not include appropriated funds disbursed by the Sergeant at Arms for Member salaries and benefits and appropriated funds disbursed by the Architect of the Capitol for utilities and maintenance of the Capitol and related office buildings.

Note 2. Significant Accounting Policies

All transactions, including appropriations, receipts, expenditures, and transfers of the general and revolving fund accounts, under the purview of the House Finance Office are maintained on a cash basis. This basis of accounting differs from generally accepted accounting principles, which require that revenues and expenses be recognized on an accrual basis. The cash basis of accounting recognizes transactions when cash is received or disbursed. The accrual basis of accounting recognizes revenues when earned and expenditures when goods or services are received.

Note 3. Lapsed Appropriations

Prior to the fiscal year 1991 appropriations, unexpended balances of appropriations were withdrawn at the end of the second fiscal year following the year for which the funds were appropriated. In accordance with 2 U.S.C. 102a, unpaid obligations chargeable to appropriations so withdrawn were paid from any appropriations for the same general purpose which were still available for disbursement. For fiscal years 1991 and 1992, Legislative Appropriations (Public Laws 101-520 and 102-90, respectively) stipulated that 1991 and 1992 funds should remain available until expended. However, the fiscal year 1993 Legislative Appropriations (Public Law 102-392) returned to the original treatment of unexpended balances. Beginning with the fiscal year 1993 appropriations, unexpended appropriations are again to be returned to the U.S. Treasury at the end of the second fiscal year following the year for which the funds were appropriated. Also, the 1993 Legislative Branch Appropriations Act rescinded a total of \$6,775,642.83 of the unexpended balances of specified 1991 appropriation accounts. These amounts will be reflected in the appropriate accounts in the Statement for fiscal year 1993.

Supplemental Schedule of Appropriations and Other Funds

Account	Fiscal year	Funds Available--FY 1991		Funds Expended--FY 1991		Lapsed appropriations	Unexpended balance 9/30/91
		Unexpended balance 9/30/90	FY 1991 appropriations or receipts	Net disbursements	Transfers		
House leadership offices	1989	\$ 525,571	\$ 0	\$ 134	\$ 0	\$ 525,437	\$ 0
	1990	240,944	0	42,166	(80,057)		278,835
	1991	0	5,220,000	4,826,301	29,513		364,186
Clerk-hire, Members, Delegates, and Resident Commissioner	1989	360,038	0	(715)	0	360,753	0
	1990	(4,008,671)*	0	(40,475)	(4,100,000)		131,804
	1991	0	198,533,000	202,417,589	0		(3,884,589)*
Committee employees	1989	578,008	0	0	0	578,008	0
	1990	1,767,473	0	(3,231)	1,742,000		28,704
	1991	0	66,832,000	59,866,378	0		6,965,622
Committee on the Budget (studies)	1989	47,122	0	0	0	47,122	0
	1990	11,791	0	9,867	1,869		55
	1991	0	379,000	185,047	181,139		12,814
Special and select committees	1989	588,462	0	49,575	44	538,843	0
	1990	4,265,166	0	346,402	1,279,149		2,639,617
	1991	0	61,100,000	51,799,110	4,291,317		5,009,573
Allowances and expenses	1989	3,819,498	0	529,719	(44)	3,289,823	0
	1990	17,195,310	0	16,885,367	1,531,688		(1,221,745)*
	1991	0	201,035,643	174,548,188	1,636,551		24,850,904
Committee on Appropriations (studies and investigations)	1989	222,022	0	96,086	0	125,936	0
	1990	683,691	0	608,251	2,786		72,654
	1991	0	6,120,000	4,247,055	198,795		1,674,150
Official mail costs	1989 and 1990	71,944	0	71,943	0		1
	1990 and 1991	0	33,219,568	33,219,569	0		0
Official mail costs ^b	1991	0	58,984,000	23,856,883	0		35,127,117
Salaries, officers, and employees	1989	559,778	0	234	0	559,544	0
	1990	(120,006)*	0	27,181	(350,465)		203,278
	1991	0	44,628,000	43,348,009	28,378		1,251,613
Joint Committee on Taxation	1989	364,494	0	9,141	0	355,353	0
	1990	229,587	0	104,353	436		124,798
	1991	0	5,202,932	4,504,949	7,116		690,867
Attending Physician	1989	107,351	0	16,950	0	90,401	0
	1990	990,790	0	958,530	0		32,260
	1991	0	1,435,981	364,669	0		1,071,312
Capitol Police--salaries	1989	1,130,890	0	0	0	1,130,890	0
	1990	840,061	0	30,260	0		809,801
	1991	0	32,056,583	28,242,202	0		3,814,381
Capitol Police--general expenses	1989	30,629	0	3,807	0	26,822	0
	1990	692,318	0	661,111	0		31,207
	1991	0	3,031,961	1,988,702	0		1,043,259
Statement of Appropriations	1989	10,000	0	0	0	10,000	0
	1990	10,000	0	0	0		10,000
	1991	0	10,000	0	0		10,000

**Supplemental Schedule of Appropriations
and Other Funds**

Account	Fiscal year	Funds Available--FY 1991		Funds Expended--FY 1991		Unexpended balance 9/30/91	
		Unexpended balance 9/30/90	FY 1991 appropriations or receipts	Net disbursements	Transfers		Lapsed appropriations
House Stationery Revolving Fund	no year	3,016,223	3,419,264	8,962,410	(5,988,330)	3,461,407	
Page Revolving Fund	no year	1,081,734	318,530	185,293	0	1,214,971	
House Beauty Shop Revolving Fund	no year	25,321	306,429	289,634	554	41,562	
House Barber Shop Revolving Fund	no year	32,668	39,712	65,756	0	6,624	
House Recording Studio Revolving Fund	no year	800,495	27,834	544,878	(412,439)	695,890	
Attending Physician Revolving Fund	no year	3,633	0	0	0	3,633	
State Withholding Taxes Suspense Account	no year	(183)	18,340,015	18,340,020	0	(188)	
Suspense Account	no year	13,023	37,543	36,941	0	13,625	
General Fund Receipts	no year	0	84,274	0	84,274	0	
Gifts to the United States for reduction of the public debt	no year	0	49,245	0	49,245	0	
Preparation of new edition of U.S. Code	no year	80,914	0	0	0	80,914	
House Records and Registration Suspense Account "B"	no year	143,426	0	0	0	143,426	
Broadcasting of Floor Proceedings Suspense Account "D"	no year	<u>117,086</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>117,086</u>	
Total		<u>\$36,528,603</u>	<u>\$740,411,514</u>	<u>\$682,246,238</u>	<u>\$133,519</u>	<u>\$7,638,932</u>	<u>\$86,921,428</u>

*These accounts are part of a single appropriation with transfer authority between line items. It had a positive unexpended balance as of fiscal year end. Transfers were formally processed after the year end.

¹In the legislative appropriations bill of 1991 (Public Law 101-520), a new account for Official Mail Costs was set up for use by the House of Representatives.



The first copy of each (IAO) report and testimony is free. Additional copies are \$2 each. Orders should be sent to the following address, accompanied by a check or money order made out to the Superintendent of Documents, when necessary. Orders for 100 or more copies to be mailed to a single address are discounted 25 percent.

Orders by mail:

U.S. General Accounting Office
P.O. Box 6015
Gaithersburg, MD 20884-6015

or visit:

Room 1000
700 4th St. NW (corner of 4th and G Sts. NW)
U.S. General Accounting Office
Washington, DC

Orders may also be placed by calling (202) 512-6000
or by using fax number (301) 258-4066.

**United States
General Accounting Office
Washington, D.C. 20548**

**Official Business
Penalty for Private Use \$300**

**First-Class Mail
Postage & Fees Paid
GAO
Permit No. G100**
